

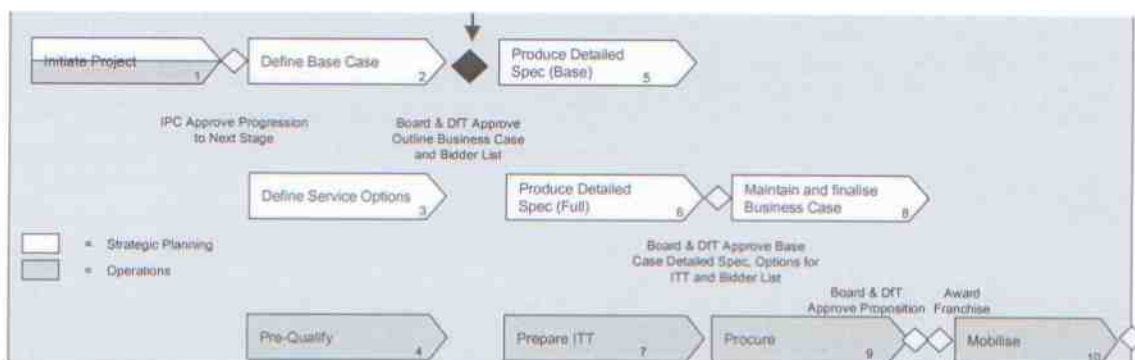
# 1 INTRODUCTION

## 1.1 Franchise Replacement Context

The Franchise Sponsorship team, within the SRA Strategic Planning function is required to develop the specification supported by:

- A business case model that demonstrates value for money
- A comparator model that demonstrates affordability and supports bid evaluation

The Franchise Replacement team, within the Operations function, is required to procure a franchise consistent with franchise specification, business case and comparator models. The Franchise Management, within Operations, manage the day to day contract with existing franchisees and the successful replacement franchisee.



The replacement process comprises phases of activity illustrated in the chart above. Following inception, the Outline Definition phase was initiated in May 2004. This included a Market Service and Resource Review that helped the project team to identify key strengths and weaknesses of the existing business and identify problems and opportunities that will need to be considered. At detailed definition stage a detailed train service specification will be developed by evaluation and refinement of options identified at the outline stage, and work on developing the business case for a detailed franchise proposition and a comparator model will need to be prepared.

This report provides a record of the key findings and conclusions from the Outline Definition stage. The planning and analysis work for this stage of the assignment was completed in draft July 2004 and finalised in August.

## 1.2 Purpose of the Outline Business Case and Jacobs Consultancy role

At the outline definition stage high level objectives and priorities for each service group that will form the Greater Western Franchise have also been established. The options areas to be examined have been defined and Outline Business Case appraisal completed to identify those option areas worthy of being taken forward to the detailed definition stage. Jacobs Consultancy have taken inputs from the RUS process, records of stakeholder input gathered by SRA, from the Franchise Sponsorship team, and through discussion workshops with relevant SRA managers. We have identified and defined option areas for appraisal and have carried out assessment and evaluation of these options on a range of criteria including financial and economic evaluation, feasibility and performance. On this basis a recommendation of those option areas

worth progressing to the detailed development stage were proposed, refined in detailed discussion with SRA, and signed off by the client.

This report forms a record of the Optioneering and results of associated evaluation work carried out in the Outline Business Case phase of our Technical Advisor assignment as part of the Greater Western replacement process.

## **2 MARKET ANALYSIS**

### **2.1 Market, Services and Resources Review**

At the commencement of the outline specification phase, Jacobs Consultancy undertook a comprehensive review of the existing situation in the franchise area, covering:

- Travel Market Review
- Demand Analysis
- Service Review
- Resource Review
- Profitability Analysis

It was at this stage that the subdivision of the franchise area into service group packages was agreed for the outline specification phase. The service groups and key outputs of this review were as follows:

### **2.2 Intercity Great Western Main Line**

- Peak overcrowding between Didcot/Reading and Paddington
- Market opportunities on the Bristol/Bath/Swindon/Oxford Corridor, and local flows within Wales
- Significant potential for increase in business travel
- Most services cover marginal operating costs, including rolling stock leasing

### **2.3 West of England**

- Relatively poor journey times west of Exeter
- Polarised market: leisure/commuter
- Peak overcrowding between Newbury/Reading and Paddington
- Weekly commuting peak: Severe overcrowding Friday evening down peak and Monday morning up peak

### **2.4 Thames Valley Outers**

- Possible opportunities to improve service frequency on certain flows (e.g. Didcot/Oxford/Charlbury)
- Some short trains occupying peak main line paths

### **2.5 Thames Valley Inners**

- Some peak hour overcrowding
- Opportunities to strengthen within existing rolling stock fleet

### **2.6 Thames Valley North Downs**

- Frequencies/journey times relatively poor on some journeys for the size of the market, especially in the Guildford area

### **2.7 Regional Inter Urban**

- Significant market Cardiff/Filton/Bath Spa but generally only one train per hour

- Used primarily for shorter distance journeys between neighbouring towns/cities
- High average loading levels throughout on Cardiff – Portsmouth route
- Slight overcrowding for short distances on certain peak services (e.g. Bath-Trowbridge)
- Some overcrowding on Friday afternoons

## **2.8 Regional Bristol**

- Relatively poor journey time/frequency on the Bristol to Gloucester/Clifton Down corridors
- Some peak overcrowding, but over short (e.g. Bristol – Nailsea) or very short journey legs (e.g. Lawrence Hill-Bristol)
- Operational inefficiency and revenue loss from lack of through workings across Bristol. Replacement 90mph rolling stock required

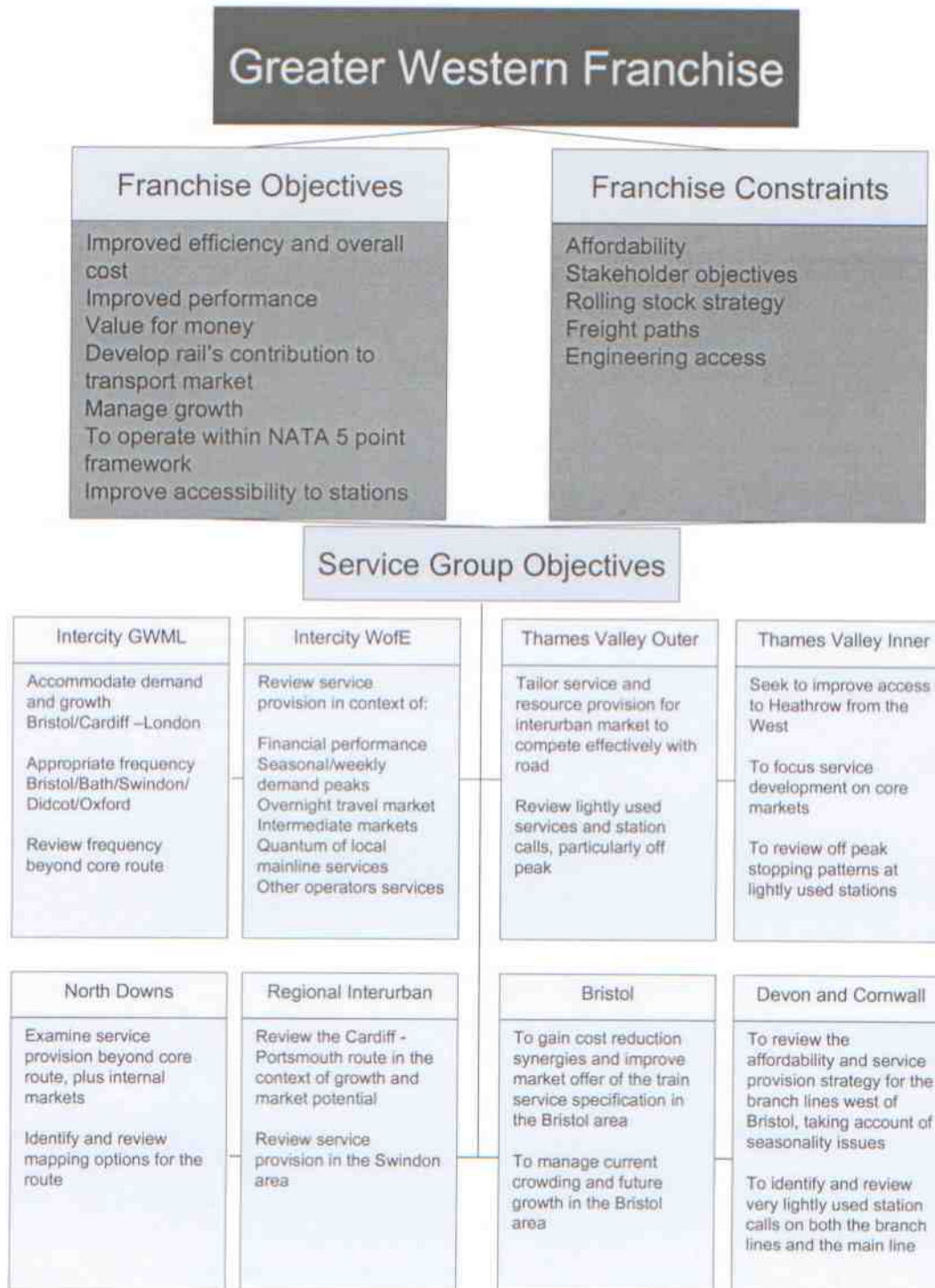
## **2.9 Regional Devon and Cornwall**

- Exmouth branch largely end to end business but journey times slow because of intermediates
- Occasional peak overcrowding for short distances e.g. Starcross to Exeter
- Some overprovision of seating capacity particularly in winter
- Relatively low utilisation of Plymouth peak services

### 3 IDENTIFICATION OF OBJECTIVES AND OPTIONS

#### 3.1 Objectives

The outputs from the Market, Services and Resources review, together with a SWOT analysis of each service group led to the proposal of franchise wide and service group objectives for Greater Western. This is discussed in more detail in the Objectives and Option Area identification report, issued on 27 July 2004.



### 3.2 Option Areas

The objectives were translated into a number of option areas from which the individual options described in this report were derived.

